

MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

Your MTRS Benefits

For members with effective membership dates before April 2, 2012

Seminar and reference guide

MAY 2012



MTRS
MASSACHUSETTS TEACHERS'
RETIREMENT SYSTEM

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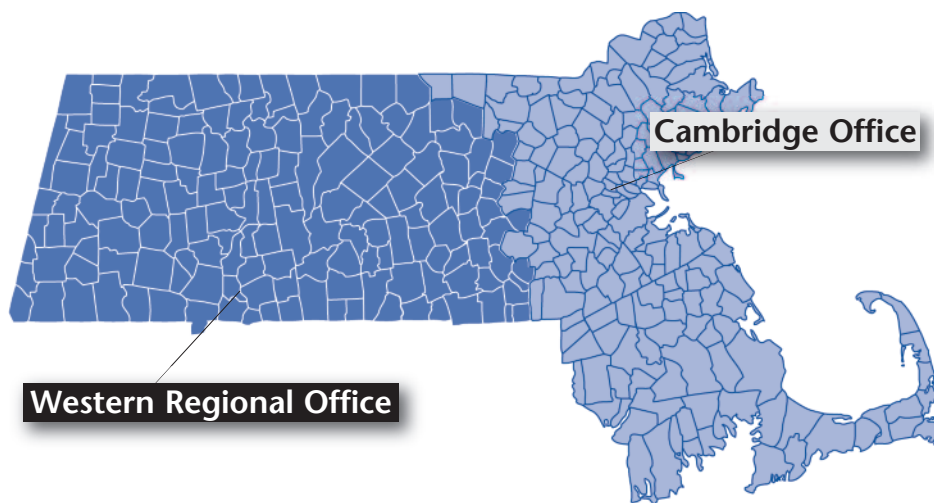
Joan Schloss

Deputy Executive Director

Erika M. Glaster

Contacting us...

The MTRS operates two offices; depending on where you are employed, you should contact the office in Cambridge or in Springfield.



Western Regional Office

One Monarch Place, Suite 510
Springfield, MA 01144-4028
Phone 413-784-1711
Fax 413-784-1707
Hours: 9 a.m. – 5 p.m., Monday through Friday

Cambridge Office

One Charles Park
Cambridge, MA 02142-1206
Phone 617-679-MTRS (6877)
Fax 617-679-1661
Hours: 9 a.m. – 5 p.m., Monday through Friday

When writing to us...

Be sure to include your name, member number (if known) and **only the last four digits of your Social Security number—not your entire SSN**—on your correspondence.

Visit us on the web at mass.gov/mtrs!

Stay up to date on retirement issues—access the latest information on:

- Legislative activities that affect your retirement benefits
- MTRS programs and services
- MTRS publications and regulations

Or send your e-mail to us at: geninfo@trb.state.ma.us

*Receive periodic e-mail updates from us—
Register online to receive MTRS M@il—it's easy!*

Your MTRS Benefits

For members with effective membership dates before April 2, 2012

Seminar and reference guide

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Appendixes

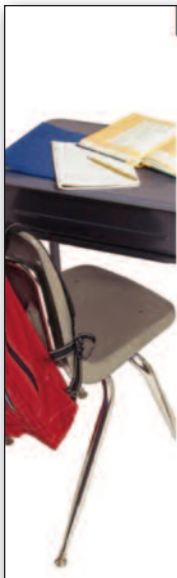
A The “retirement percentage” chart: A comparison of the percentage of salary average allowed under the regular and RetirementPlus formulas, by service and age	25
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The MTRS staff has developed this presentation to remind and inform you of your retirement benefit options, to give you the information you need to estimate your actual retirement allowance and to point out other issues you will need to consider in retirement.

This booklet, written by the staff of the MTRS, was prepared exclusively for use by members of the Massachusetts Teachers' Retirement System in conjunction with the seminar entitled *Your MTRS Benefits*. It is not intended as a substitute for the Massachusetts General Laws nor will its interpretation prevail should a conflict arise between the contents of this booklet and M.G.L. c. 32. Finally, rules governing retirement are subject to change periodically either by statute of the Massachusetts Legislature or by regulation of the Teachers' Retirement Board.

IMPORTANT NOTICE TO NEW MEMBERS WHOSE EFFECTIVE MEMBERSHIP DATE IN THE MTRS IS ON OR AFTER APRIL 2, 2012: You are subject to a different benefit tier than the plan that is described in this presentation. Please do not rely on the information in this booklet. If you have questions about your retirement benefits, please contact us at geninfo@trb.state.ma.us.





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Overview

- Part 1 Meet the MTRS**
A quick introduction to our system, what we do and resources for members
- Part 2 Your membership**
About your annuity savings account
- Part 3 Your benefits**
The eligibility criteria and creditable service
- Part 4 Benefit calculations**
The three options, the retirement formula and sample calculations
- Part 5 Other retirement issues**
Things to consider before *and* after you retire

Q&A



Timely notes and important updates 3

Recent changes in the pension law—

“Pension Reform III”


For all CURRENT members in service prior to April 2, 2012

- Increased interest charged for certain service purchases

For all NEW members entering service on or after April 2, 2012

- Created a new **tier** of retirement benefits
- Increased minimum retirement age to 60
- Increased final salary average period to 5 years
- Reduced age factors

NOTE: The benefits provided under this new tier will **not** be covered during this program.



Part 1: Meet the MTRS 5

What is the MTRS?

The plan

- Formed under M.G.L. Chapter 32
- Operates as a **defined benefit** plan under Section 401(a) of the Internal Revenue Code
- Benefits based on age, service and salary
- Retirement benefit guaranteed for life
- Governed by seven-member, unpaid Board
- Two offices, in Cambridge and Springfield; approximately 80 staff members

- The MTRS was formed on July 1, 1914.
- **Take note:** Because the MTRS is a defined benefit plan, fluctuations in the financial markets do **not** affect the formula or the amount of your benefits. The pension fund is managed by the Pension Reserves Investment Management (PRIM) Board, and is invested in a well diversified portfolio, with a focus on long-term returns. For information on the pension fund's investment allocation and performance history, see our website.
- The current MTRS Board members are:
 - ☐ Jeff Wulfson, Chairman, Designee of Commissioner of Elementary and Secondary Education
 - ☐ Steven Grossman, State Treasurer
 - ☐ Suzanne M. Bump, State Auditor
 - ☐ Karen A. Mitchell, elected member
 - ☐ Dennis J. Naughton, elected member
 - ☐ Richard L. Liston, Board appointee
 - ☐ Anne Wass, Governor's appointee
 For brief biographical sketches of our Board members, see mass.gov/mtrs/4about/4board.htm.

Part 1: Meet the MTRS 6

What is the MTRS?

Membership

- Massachusetts public elementary and secondary, charter, and collaborative school teachers and administrators
- All eligible employees are required to enroll with the MTRS and make mandatory contributions
- The **largest** of the 105 Massachusetts contributory retirement systems...

Active members	86,000
Inactive members	20,000
Retirees and survivors	58,000
Total	164,000

- The MTRS and you, our members, have mutual responsibilities. Throughout your career, please be sure to contact us if you:
 - are injured while performing the duties of your job (if you file an accident report with your school district, please request that a representative send a copy of that report to us, so that it is on file with us in the event that you apply for a disability retirement allowance);
 - change your name or Social Security number;
 - want to change your beneficiary designation;
 - get divorced; or,
 - have any questions about your retirement plan.

Part 1: Meet the MTRS 7

What do we do for you?

- When you join...**
 - Establish your MTRS annuity savings account
- Throughout your career...**
 - Maintain your MTRS annuity savings account
 - Process your service purchases, if any
 - Keep you informed of retirement issues via seminars, broadcast e-mail
- If you leave active service prior to your retirement...**
 - Refund your account upon request
 - If you die, process a benefit to your survivor
- During your retirement...**
 - Pay you a monthly retirement allowance
 - Pay a benefit to your survivor, if applicable

- We provide educational seminars throughout the year for members of all ages and career stages:

Career stage	Program
All ages	Your MTRS Benefits <ul style="list-style-type: none"> ■ General overview for all members ■ Various locations during the spring
5–15 years from retirement	The Next Chapter <ul style="list-style-type: none"> ■ All-day retirement planning program ■ One location during the spring
One year from retirement	Ready for Retirement <ul style="list-style-type: none"> ■ Two-hour, after-school program ■ Nuts-and-bolts of the retirement process ■ Various locations during the fall
Retired	Retirement U <ul style="list-style-type: none"> ■ Featured speakers on various topics ■ Two locations each year

- If you have not yet registered to receive MTRS M@il, please be sure to sign up soon to ensure that you receive our program announcements and updates.

Part 1: Meet the MTRS 8

Resources for members

Online at mass.gov/mtrs

- Home > Members > Active members
- Downloadable forms
 - Service purchase applications
 - Beneficiary designation form
 - Retirement and refund applications
- Retirement benefit estimator
- Info on plan benefits, pending legislation, regulations, useful links—and more!
- MTRS M@il:** Register to receive periodic updates via e-mail—it's easy!

Part 2: Your membership 10

All members contribute a percentage of earnings...

Your rate is determined by the date on which you established membership rights in the public retirement system

MA retirement system start date	Rate
Prior to 1/1/75	5%
Between 1/1/75 and 12/31/78	7%
Between 1/1/79 and 12/31/83	7% + 2% on earnings over \$30K
Between 1/1/84 and 6/30/96	8% + 2% on earnings over \$30K
Between 7/1/96 and 6/30/01	9% + 2% on earnings over \$30K
On or after 7/1/2001 (RetirementPlus)	11%

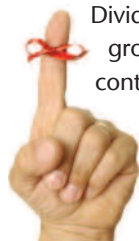
■ The 2% contribution on your salary over \$30,000 is *in addition to your regular contribution*. For example, if your enrollment date is January 2, 1979 and your salary is \$35,000, your total contribution would be 7% of \$35,000 *plus* 2% of \$5,000.

■ **New members as of July 1, 2001** are required to participate in RetirementPlus.

■ **New members** transferring to the MTRS from other Massachusetts public retirement systems will have 180 days during which to make an affirmative RetirementPlus election.

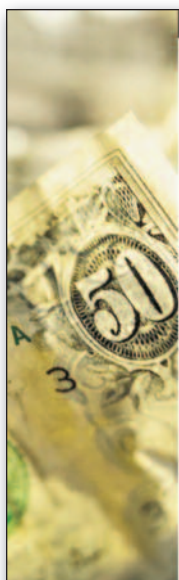
■ As an active, contributing member, you do not have access to the funds in your annuity savings account. In other words, you are not eligible to withdraw any portion of your annuity savings account, nor may you borrow money from that account or assign the funds to someone else. Additionally, your account may not be garnished or attached by a lien except by the IRS, Massachusetts Department of Revenue or, in the event of divorce, pursuant to a Domestic Relations Order.

Reminder: Next time you get your pay stub, check your contribution rate.



Divide the amount of your retirement withholding by your gross income, and then refer to the chart above. If your contribution rate is not correct, confirm your calculation with your payroll office and then contact the MTRS.

Note: If the 2% contribution also applies, make sure it is included.



Part 2: Your membership 11

You contribute on your regular compensation...

Included...	Excluded...
<ul style="list-style-type: none"> ▪ Annual base salary per collective bargaining agreement (CBA) or individual contract ▪ Regular longevity ▪ Coaching ▪ Annual payments for additional services pursuant to CBA 	<ul style="list-style-type: none"> ▪ Amounts paid due to employer's knowledge of retirement ▪ Sick leave buy-back ▪ Unused vacation ▪ Hourly payments ▪ Temporary salary augmentations ▪ Annuities and fringe benefits*

* Except as grandfathered under the Pension Reform Act

■ Just as you pay contributions only on earnings that count as “regular compensation,” when we determine your final salary average for your retirement benefit calculation, we count only your “regular compensation.”

■ **Temporary salary augmentations:** Pursuant to Public Employee Retirement Administration Commission (PERAC) regulation 840 CMR 15.03, regular compensation excludes extraordinary, ad hoc, nonrecurring salary enhancements, such as enhanced longevity buy-out provisions (ELBOs).

■ **Pension cap for new members on or after**

January 1, 2011: As a result of “Pension Reform II,” individuals who establish membership on or after January 1, 2011 are subject to a pension cap, which is implemented by way of a limit on the amount of “regular compensation” that may be counted toward their retirement benefit. Specifically, the amount of “regular compensation” is limited to 64% of the “non-grandfathered” Internal Revenue Code s. 401(a)(17) limit, which for 2012, is \$250,000 per year. Accordingly, for 2012, the “regular compensation” limit for new members is \$160,000 (64% of \$250,000). This limit will change as the I.R.C. s. 401(a)(17) limit changes.

Regular compensation and the Pension Reform Act

Chapter 21 of the Acts of 2009, effective July 1, 2009

- Housing allowances, individual Life and Disability insurance premiums and Annuities (“LDAs”) are no longer regular compensation.
- LDA provisions that were in a contract in effect on May 1, 2009 will be “grandfathered” as regular compensation until the expiration of the term of *that* contract, or June 30, 2012, whichever occurs first.
- Parties cannot extend the “grandfather” period by amending the term of the contract in effect on May 1, 2009 to go beyond its original expiration date.

Example: Ann Administrator’s contract in effect on May 1, 2009 included life and disability insurance, as well as an annuity. That contract covered the term July 1, 2008 to June 30, 2011.

Q1 Is Ann’s LDA “grandfathered” as regular compensation through June 30, 2011?

YES, up to the amounts specified in the contract in effect on May 1, 2009.

Q2 Could Ann have extended her contract so that her LDA would be “grandfathered” as regular compensation through June 30, 2012?

NO, Ann’s LDA was only “grandfathered” until June 30, 2011, the expiration date of the contract in effect on May 1, 2009.

Part 3: Your benefits for pre-April 2, 2012 members 13



Your MTRS benefits

- **Your MTRS annuity savings account**
 - If you leave service before retiring, you may take a refund or leave your funds on account
- **Retirement benefits**
 - Retirement ("superannuation")
 - Disability (ordinary and accidental)
 - Termination
- **In-service death benefit**
 - If you die while you are an active teacher, a benefit to your survivor(s)

Leaving MTRS service prior to retirement

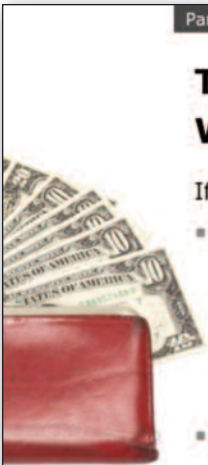
- If you leave teaching before retiring from the MTRS, you will need to decide what you want to do with your annuity savings account:
 - ☐ take a refund of your annuity savings account,
 - ☐ leave your funds on account with the MTRS until some future date or event, or
 - ☐ receive a retirement allowance, if eligible.
- If you are a pre-April 2, 2012 member and you leave service and...
 - ☐ **leave your funds on account**, you do not need to notify us that this is what you are doing. We will simply keep your funds on account and continue to send you annual statements that show your balance and any activity, such as the addition of interest. Please note, however, that although your statement will reflect interest each year, you may not be eligible to receive all of the accrued interest if you apply for a refund more than two years after your date of separation from service.

If, at the time you leave service, you are under age 55 and you have 10 years of creditable service, you may leave your funds on account until you attain age 55, at which time you may then apply for a retirement allowance.

If, however, you do not take a refund but later return to a position which requires membership in a Massachusetts contributory retirement system, all interest reported on your statements will be credited. Additionally, since you left your money on account, you will be entitled to your "old" contribution rate (the contribution rate in effect at the time you left service), as well as the current, pre-April 2, 2012 benefit tier.

- ☐ **take a refund**, you forfeit all membership rights. If you then later return to teaching in the Massachusetts public schools—or another position that requires your membership in a Massachusetts contributory retirement system—you will be treated as a **new** member, subject to all new rates, laws and regulations, including the new "Pension Reform III" benefit tier, which provides for lower benefits.

Part 3: Your benefits for pre-April 2, 2012 members 14




Taking a refund: What you will receive

If you leave MTRS service by:

- **Resigning voluntarily**, and you have:
 - **Less than ten years** of creditable service, you will receive interest at the rate of 3% on your accumulated total deductions
 - **Ten or more years** of creditable service, you will receive interest at the regular rate
- **Being involuntarily terminated**, you will receive interest at the regular rate
- In all cases, you may receive interest only for two years after your separation from service


Part 3: Your benefits for pre-April 2, 2012 members 15



Taking a refund: Be aware of what it means...

If you take a refund and return to MTRS membership on or after April 2, 2012, you will be considered a **new** member, and will be subject to the new tier, which provides for **significantly lower benefits**, including:

- A new age factor table that will require you to work longer for the same or a similar benefit that you would receive under the current table
- An increase in the salary average period used in the benefit calculation formula from 3 years to 5 years
- An increase in the minimum retirement age from 55 to 60



Part 3: Your benefits for pre-April 2, 2012 members 16

Eligibility


Two "superannuation" retirement plans, each with different eligibility criteria:

1) "Regular"

- Any age, with **20 years** of creditable service, OR
- **Age 55** with **10 years** of creditable service

...and...

- To be eligible for regular retirement (also known as *superannuation* retirement), you must *either*
 - have 20 years of creditable service *or*
 - be 55 years old.
- If you are eligible by reason of age (in other words, because you are at least 55 but you do not have 20 years of creditable service), and you joined the system on or after January 1, 1978, you must then also have at least 10 years of creditable service.



Part 3: Your benefits for pre-April 2, 2012 members 17

Eligibility

2) RetirementPlus

- Any age, with **30 years** of creditable service, at least **20 years** of which must be "teaching" service with the MTRS or Boston Retirement System
- **Enhanced benefit:** Additional 12% added to allowable "percentage of salary average" upon reaching 30 years, with additional 2% for each **full year** thereafter

- Two types of purchased service count toward the 20-year "teaching service" requirement:
 - repayment of a refund from the MTRS or the Boston Retirement System
 - if you began your teaching service on a temporary or part-time basis, the purchase of your mandatory six-month waiting period
- All other types of purchased service do **not** count toward the 20-year "teaching service" requirement (out-of-state teaching, non-public school teaching, substitute teaching, maternity leave, military service, Peace Corps, vocational experience and other Massachusetts government service).
- If you *elected* to participate in RetirementPlus, but then do not meet either the 20-year "teaching" or the 30-year total service requirement by your date of retirement, you will receive a retirement benefit calculated under the regular formula and a refund of your RetirementPlus contributions, plus regular interest.

Part 3: Your benefits for pre-April 2, 2012 members 18

Your MTRS benefits

Disability retirement

- **Ordinary disability retirement**
 - Service requirement: at least 10 years
 - Benefit formula
 - **Nonveteran:** Superannuation retirement formula, with age factor increased to age 55
 - **Veteran:** 50% of last annual salary, plus annuity
- **Accidental disability retirement**
 - No service or age requirements
 - Disability must be due to injury or hazard sustained while performing job duties
 - Benefit formula: 72% of last annual salary, plus annuity*

* Annuity = Member's account balance x actuarial factor

Part 3: Your benefits for pre-April 2, 2012 members 19

Your MTRS benefits

Termination retirement

- **Special benefit**
 - Service requirement: at least 20 years
 - Termination must:
 - Be completely involuntary (for example, as a reduction in force or failure of reappointment)
 - **Not** be due to "moral turpitude"
- **Benefit formula:**

$$(3\text{-year salary average} \times 1/3) + \text{Annuity}^* = \text{Option A}$$

* Annuity = Member's account balance x actuarial factor

- This type of retirement benefit is not available to members whose effective membership date is on or after April 2, 2012.



Part 4: Benefit calculations for pre-April 2, 2012 members 21

Creditable service
Regular service

- **Full-time service**
 - 10-month contract = 1 year
 - 12-month contract = 1 year
- **Leaves of absence**
 - Paid vs. unpaid
- **Full years and full months of creditable service will be counted**
(see notes on "years of service" in Appendix A, page 25)

- For leaves of absence or sabbaticals, you will receive creditable service depending on how you were compensated during your leave. If you received:
 - **full compensation**, you will receive full service credit;
 - **partial compensation**, you will receive partial service credit;
 - **no compensation** (an unpaid leave), you will receive either the exact number of days of your leave if it was for one month or less, or one month of service if it was for longer than one month.
- Paid sabbaticals, regardless of when they were rendered, will always be prorated to reflect the percentage at which they were paid. For example, a sabbatical at 75 percent pay will be credited as 0.75 year of service.



Part 4: Benefit calculations for pre-April 2, 2012 members 22

Creditable service
Regular service

- **Part-time membership service**

For part-time service rendered...	You will receive...
On or before 11/9/1990	Full-time credit
Between 11/9/1990 and 7/9/2010	If your employment status during this period: ■ did not change, full-time credit ■ changed, prorated credit
On or after 7/9/2010*	Prorated credit

* Exception: If you elected into RetirementPlus and retire on or before July 1, 2012, your part-time membership service between July 9, 2010 and your date of retirement will be credited pursuant to the creditable service regulation in effect either prior to, or on, July 9, 2010, whichever yields the higher benefit.

For an example and more info, see Appendix D, page 30

- A "change in employment status" means that you went from being employed on a part-time basis to a full-time basis, or vice versa.
- Prorated credit is based on the percentage of full-time service that it represents. For example, if you worked for one year on a half-time basis, you will receive 0.50 year of service credit for that year.
- **Kindergarten teaching service:** If you rendered any part-time membership service prior to 7/9/2010 as a kindergarten teacher, that service will be credited as full-time equivalent (FTE).
- **A note about substitute, temporary or part-time service purchased prior to 2001:** Because of a change in MTRS Regulation 807 CMR 3.03, effective April 27, 2001, you may now be eligible to purchase previously ineligible substitute, temporary or part-time service. Accordingly, if you purchased—or were billed for—part-time service that you rendered prior to 2001, please call either our Cambridge or Springfield office and request a review of your pre-2001 part-time service purchase application.

Part 4: Benefit calculations for pre-April 2, 2012 members 23



Creditable service
Purchasable service

Subject to higher, "actuarial" interest rate after 4/2/2013

- Refund buy-back
- MA state or municipal employment
- MA substitute or temporary teaching
- Out-of-state public school teaching
- Nonpublic school teaching (pre-1973, private school)
- Dept. of Defense overseas dependent school teaching

Billed at lower, "buyback" interest rate

- Military service
- Nonpublic school teaching (MA publicly funded school)
- Vocational education
- Peace Corps service




- Service rendered as a "consultant" in a school district or as an "03" employee of the Commonwealth of Massachusetts continues to be ineligible for purchase.
- Credit for day-to-day substitute service is based on the number of full days worked, divided by 180 (the number of days in a standard school year).
- **A note about pre-1975 maternity leave credit** (not listed on slide): As you may know, in 2001, eligible members who took an unpaid leave, or resigned, for maternity or adoption purposes prior to January 1, 1975, were given the opportunity to purchase creditable service for their leaves; this service had to be purchased by December 31, 2001. However, in certain rare circumstances, members who did not have ten years of creditable service as of December 31, 2001 may qualify to purchase this service upon attaining ten years of creditable service. If you believe that you may qualify, please contact our office for assistance.

Review the types of creditable service on the next page. If applicable, take steps to purchase your past creditable service. Please note these three important reminders...

- 1) **You must pay for all of your service purchases BEFORE your date of retirement.** Late payments will **DELAY** your date of retirement—and because retirement benefits are retroactive only to your date of retirement, **late payments will cause you to lose money!**
- 2) **Start early.** Since it may take time for you and your prior employers to gather documentation of your past service, we strongly encourage you to start the service purchase process early—please don't wait until the last minute!
- 3) **Be sure to complete your application in full.** Incomplete applications will cause delays as they will be returned to you for completion.




Part 4: Benefit calculations for pre-April 2, 2012 members 24



Creditable service
How do I purchase service?

- **Download** service purchase forms from www.mass.gov/mtrs > Downloadable forms
- **Submit** completed form to MTRS for processing; we will send you an invoice
 - The cost typically includes **principal** (past earnings x applicable contribution rate) and **interest**
 - Special formulas apply to certain types of purchases (e.g., voc-exp, military)
- **Pay** by personal check, a rollover or transfer from an eligible plan, or through our five-year installment plan (must be paid for *before* your date of retirement)

Part 4: Benefit calculations for pre-April 2, 2012 members 25



Creditable service
**Buyback vs. actuarial interest:
The difference is substantial**

- For most service purchases, interest will be either "buyback" (4.125%) or "actuarial" (8.25%), based on membership history and date of application

Current members (pre-4/2/2013 membership)

- **Buyback** interest if service purchase application is received before 4/2/2013 **and** you either pay for, or commit to installment plan, before 4/2/2013 or invoice date, whichever is later
- **Actuarial** interest on and after 4/2/2013

Former members who re-enter membership on or after 4/2/2012: One year from date of re-entry to purchase at buyback interest; actuarial interest thereafter

Example: Todd Teacher was employed as a teacher with the Cambridge Public Schools during the 1974–75 school year. At that time, his MTRS contribution rate was 5%, and his annual salary was \$10,000. After that year, he left teaching to pursue another career and took a refund of his MTRS account; he returned to Massachusetts public teaching service in September 1990 and has been an MTRS member ever since. Now, Todd is thinking about retiring in the next few years, and wants to buy back his 1974–75 teaching service to increase the amount of creditable service used to calculate his retirement benefit.

If Todd applies to buy back his refund...	...he will qualify for...	...which, based on an invoice due date of 4/30/2013 would amount to...
BEFORE April 2, 2013	Buyback interest	\$2,299.03
On or after April 2, 2013	Actuarial interest	\$9,969.76

...a difference of \$7,670.73!

Creditable service

What it is, how it's credited and/or purchased, and applicable interest rates

The amount of creditable service you have is very important: it is one of the three factors used to calculate the amount of your retirement benefit (the other two are your age and salary average); and, it determines whether you are "vested" for purposes of receiving a retirement benefit.

■ Service that is automatically credited by the MTRS

- **Regular MA public school teaching service:** Credited through your school's monthly deduction reporting. [Note: If you previously rendered MA public school service, and then left and took a refund of your MTRS account, you may "buy back" your prior service credit (this is known as a "refund buyback"). See Other MA public service, below.]
- **Authorized leaves of absence, including sabbaticals:** For paid leaves, credited based on the length of your leave and amount of compensation received, as documented by you and your school district; for unpaid leaves, up to one month of credit.
- **Military leave of absence during your membership in a MA contributory retirement system:** If you are called to military duty while you are a member of a Massachusetts retirement system, and, after your discharge or release, you return to membership service within the applicable time period based on the length of your military service, your military leave will be credited based on documentation from you and your school district or municipality.

■ Service that you must apply to purchase—and pay for prior to your date of retirement

If you rendered any of the types of service listed below, you may be eligible to purchase credit for your service. If you wish to purchase credit, you must complete and submit the appropriate service purchase applications (available on our website at mass.gov/mtrs), along with any required documentation. We will review your application, determine your eligibility to purchase your service, and send you an invoice. Please note:

- All service purchases must be **paid for in full** prior to your date of retirement; late payments will delay your date of retirement.
- Be aware that the service purchase process may take several months—you and your prior employers must gather the required documentation of your past service, we must review your eligibility and service details—so please be sure to start the service purchase process as early as possible in advance of your desired retirement date.

Type of purchasable service	Maximum time creditable	Applicable interest rate
□ Other MA public service with the MTRS or a MA town, city, state, county or regional authority, during which... □ You were NOT a member of a MA contributory retirement system¹ □ You WERE a member of a MA contributory retirement system, and after which, you withdrew your funds (known as a "refund buy-back")	20 years No maximum	Either buyback interest (4.125%) or actuarial interest (8.25%), based on your membership status ³ (see below)
□ MA public school substitute, temporary or part-time teaching or tutoring service	20 years	
□ Out-of-state public school teaching service²	10 years	
□ Nonpublic, private school teaching service BEFORE 1973² (out-of-state or in MA)	10 years	
□ Overseas dependent school teaching service²	5 years	
□ Active military service in U.S. armed forces, MA National Guard or Active Reserves² (other than a military leave of absence during membership in a MA contributory retirement system)	4 years	Buyback interest for all members (currently, 4.125%)
□ Vocational education work experience² (for Chapter 74 certified educators)	3 years	
□ Nonpublic school teaching service in a MA publicly-funded school	10 years	
□ Peace Corps service²	3 years	
□ Pre-1975 maternity leave (except in rare situations, you must have purchased this service by 12/31/2001; however, if you believe you may qualify, please contact our office)	4 years	

¹ Credit may no longer be purchased for uncompensated service rendered as a selectman, city councillor or alderman, school committee member, moderator or library trustee; however, service in these positions that was purchased prior to 7/1/2009 will count as creditable service. For Other MA public service rendered after 7/1/2009 to be eligible for purchase, you had to have earned at least \$5,000 per year.

² To be eligible to purchase these service types, at the time you submit your service purchase application, you must be a member in service with the MTRS (either an active member of the MTRS or an inactive member on an authorized leave of absence for not more than one year.)

³ Pursuant to pension reform legislation enacted in November 2011, the interest charged on these service purchases is either buyback interest (currently, 4.125%) or actuarial interest (currently, 8.25%), depending on your membership history and date of application. Specifically, if you are a:

- **CURRENT member whose effective membership date is before 4/2/2013:** You will be charged buyback interest if your service purchase application is received before 4/2/2013 and you either pay for the purchase in full or commit to an installment agreement by 4/2/2013, or the invoice due date, whichever is later. After 4/2/2013, you will be charged actuarial interest.
- **FORMER member of a Massachusetts public retirement system who re-entered membership anytime on or after 4/2/2012:** You will be charged buyback interest if your service purchase application is received within one year of your date of re-entry to membership and you either pay for the purchase in full or commit to an installment agreement by the first anniversary of your date of re-entry, or the invoice due date, whichever is later. If you apply to purchase or pay for this service after your first year of re-entry to membership, you will be charged actuarial interest.
- **NEW member who establishes membership on or after 4/2/2013:** You will be charged actuarial interest.

Part 4: Benefit calculations for pre-April 2, 2012 members 26

The three benefit options

Option	Retiree benefit amount	Survivor benefit, if any, upon retiree's death
A	Maximum allowance	None
B	Appr. 1% less than Option A amount	One-time lump-sum payment of balance, if any, remaining in retiree's account; no restrictions on beneficiary designation
C	Appr. 9–11% less than Option A amount	Monthly benefit, equal to 2/3 of retiree's benefit, to one named beneficiary (restrictions apply); pop-up provision

Option B

- There are no restrictions on who or how many individuals or entities may be named as a beneficiary.
- In most cases, the annuity will be depleted in 9 to 11 years.

Option C

- The beneficiary must be the member's parent, child, sibling, spouse or former spouse who has not remarried.
- If your Option C beneficiary predeceases you, your monthly benefit will "pop up" to the Option A benefit amount that you would have received on the date of your retirement, plus any cost-of-living adjustments.

For your reference, the retiree class of 2011 chose as follows:

Option A	59%
Option B	13%
Option C	28%

Your option selection is a personal choice, to be based on **your** individual financial and personal situation.

Part 4: Benefit calculations for pre-April 2, 2012 members 27

The retirement formula

Age factor

x **Your creditable service**

Percentage of salary average

+ **RetirementPlus** percentage, if applicable
(additional 12% at 30 years, plus 2% for each full year thereafter)

Percentage of your salary average (80% max)

x **Salary average** (highest three consecutive years)

Your Option A annual benefit

+ **Veteran's benefit**, if applicable
(\$15 per year of creditable service, up to \$300)

Your total Option A annual allowance

■ The Option A Age Factor Chart (pre-4/2/12 members)

Age	Factor	Age	Factor	Age	Factor
41	.001	50	.010	59	.019
42	.002	51	.011	60	.020
43	.003	52	.012	61	.021
44	.004	53	.013	62	.022
45	.005	54	.014	63	.023
46	.006	55	.015	64	.024
47	.007	56	.016	65 +	.025
48	.008	57	.017		
49	.009	58	.018		

- For a worksheet you can use to estimate your benefits, see Appendix B, page 26.
- The salary average is the average of your three highest consecutive years' salaries or your last three years' salaries, whichever is greater. For members who retire on or after April 2, 2012, the annual increase in pensionable earnings of each of the three years used to determine your final salary afterate can be no more than 10% of the average of the previous two years' salaries.
- **Veteran's benefit:** If you are a military veteran as defined in M.G.L. c. 32 § 1, a veteran's benefit will be added to your Option A allowance. This benefit is equal to \$15 per year of creditable service, up to a maximum annual total of \$300. You will need to submit a copy of your military discharge (also known as Form DD214). If you are eligible to receive the maximum retirement allowance—80% of the average of your highest three consecutive years' salaries—by reason of your established creditable service and age, you will still receive your veteran's benefit on top of your maximum allowance.
- **Dual members:** If you are a member of more than one Massachusetts public retirement system, you may receive a separate retirement benefit from each system, based on your service and salary earned while in that system; however, your retirement benefit cannot be calculated on a combination of your salaries. Exemptions: Members who do not have service in two systems, simultaneously, on or after 1/1/2010; and, members who have such service, but were vested in both systems prior to 1/1/2010.

Part 4: Benefit calculations for pre-April 2, 2012 members 28

Mary Educator

Regular retirement on 6/30/12

RetirementPlus status Nonparticipating

Age 59 (age factor .019)

Creditable service

Regular service	Pittsfield	30.0 years
Out of state	Kentucky	4.0 years
Substitute	Springfield	0.4 years
Other MA	Parks & Rec. Dept.	0.6 years
		35.0 years

Salary average **\$63,000**

2009–10	\$61,000
2010–11	\$63,000
2011–12	\$65,000
Total	\$189,000 ÷ 3 = \$63,000

Veteran status Veteran



Part 4: Benefit calculations for pre-April 2, 2012 members 29

Mary Educator
Regular retirement on 6/30/12
Option A

Age factor (age 59 at retirement)	0.019
x Years of creditable service	x 35.0
Percentage of salary average	66.5%
+ RetirementPlus percentage , if applicable	+ 0%
Percentage of salary average (80% max)	66.5%
x Salary average (highest three consecutive years)	x \$63,000
Option A annual benefit	\$41,895
+ Veteran's benefit , if applicable (\$15 per year of creditable service, up to \$300)	+ \$300
Total Option A allowance	\$42,195/yr \$3,516/mo

- When you estimate your retirement benefits, be sure to do the calculations for more than one date. For example, estimate what your benefits would be if you retired at the end of the school year, versus what they would be if you waited until you reached another birthday and accumulated more creditable service.

- For example, Mary Educator's birthday is November 30. If she waits to retire on her birthday, then the calculations would look like this as of November 30, 2012:

Age 60 (age factor 0.020)

Creditable service

Pittsfield 30.3
 Kentucky 4.0
 Springfield 0.4
 Parks & Rec Dept 0.6

Total 35.3

Salary average


09–10 (70% of \$61,000) \$42,700
 10–11 \$63,000
 11–12 \$65,000
 12–13 (30% of \$67,000) \$20,100

Total \$190,800

Average **\$63,600**

- If Mary Educator waits to retire on her birthday—November 30, 2012—then her Option A allowance would be greater than if she retired on June 30, 2012:

Age factor	0.020
x Years of creditable service	x 35.3
% of salary average	70.6%
+ RetirementPlus percentage	+ 0.0%
Allowable percentage of salary average	70.6%
x Salary average	x \$63,600
Option A allowance	\$44,902
+ Veteran's benefit	+ \$300
Option A annual allowance	\$45,202
Monthly	\$3,767



Part 4: Benefit calculations for pre-April 2, 2012 members 30

Mary Educator
Regular retirement on 6/30/12
Option B

- Option A allowance \$42,195/yr
- **Option B allowance \$41,883/yr**
- Option B is less by \$312/year,
a difference of less than 1%

- Your retirement benefit components are approximately as follows:

- Your contributions and interest,
known as the **annuity portion** 20%
- Pension fund assets and MA tax revenue
known as the **pension portion** 80%

- The amount in your annuity savings account is “spent down” over time, usually 10 to 12 years. After your account is depleted, your full benefit continues until your death; however, upon your death, no benefit will be paid to your beneficiary. If you die before your account is depleted, the balance remaining is paid to your beneficiary.

- **Mary’s Option B calculation:** Based on account balance of \$100,000 and actuarial factors for age 60...

	Option A	Option B
Annuity	\$9,108	\$8,796
Pension	\$33,087	\$33,087
Total	\$42,195/yr	\$41,883/yr

- For example, on Mary’s retirement date of June 30, 2012, the balance in her annuity savings account was \$100,000. Based on her closest age of 60 and actuarial tables, the annual reduction in her annuity savings account—which has been transferred to the Commonwealth’s pension fund to partially pay for Mary’s benefit—is \$8,796.
- Every year, Mary’s account is “charged” \$8,796 and decreases by that amount. After 5 years, the balance in her annuity savings account has decreased by \$43,980 (annual reduction of \$8,796 x 5 years). After 10 years, the balance in the annuity savings account has decreased by \$87,960 (annual reduction of \$8,796 x 10 years). After 11.4 years, the balance has been depleted.

Part 4: Benefit calculations for pre-April 2, 2012 members 31

Mary Educator
Regular retirement on 6/30/12
Option C

Option C factor: Based on member's and beneficiary's ages closest to member's date of retirement

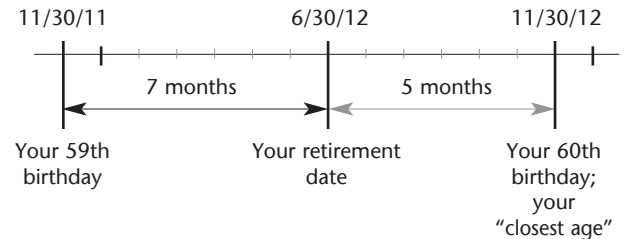
Beneficiary's closest age	
Member's closest age	Beneficiary's closest age
50	50
51	51
52	52
53	53
54	54
55	55
56	56
57	57
58	58
59	59
60	60
61	61
62	62
63	63
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89	89
90	90
91	91
92	92
93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100

* Member's closest age 60
 * Beneficiary's closest age 59
 * Option C factor 0.9099

■ For the Option C factor chart, please see Appendix B, page 26.

■ To determine your "closest age," count the number of months and days between your birthday before your date of retirement, and your next birthday *after* your date of retirement. Your "closest age" is your age on your birthday that is closest to your date of retirement.

For example, if you are retiring on June 30, and your birthday is November 30, your "closest age" is your age on your birthday *after* your retirement date.



Part 4: Benefit calculations for pre-April 2, 2012 members 32

Mary Educator
Regular retirement on 6/30/12
Option C

Option A annual benefit	\$41,895/yr
x Option C factor	x 0.9099
Option C annual benefit	\$38,120
+ Veteran's benefit, if applicable	+ \$300
Mary's Option C allowance	\$38,420/yr \$3,202/mo
x Survivor factor	x 2/3
Survivor allowance	\$25,613/yr \$2,135/mo

Part 4: Benefit calculations for pre-April 2, 2012 members 33

Tom Teacher
RetirementPlus retirement on 6/30/12

RetirementPlus status	Participating
Age	58 Age factor .018
Creditable service	34.5 years
Salary average	\$63,000
Veteran status	Veteran

- Tom Teacher elected to participate in RetirementPlus in 2001 and has contributed to the MTRS at 11% for at least five years.

Part 4: Benefit calculations for pre-April 2, 2012 members 34

Tom Teacher
RetirementPlus retirement on 6/30/12
Option A

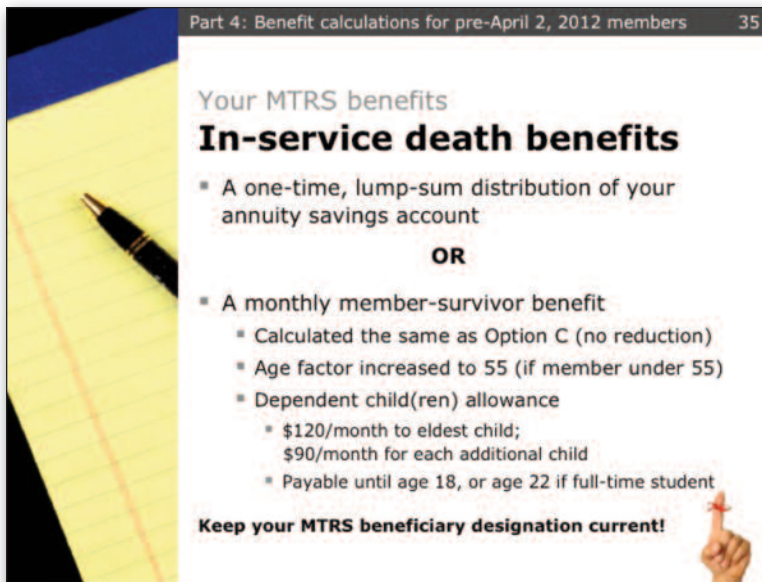
Age factor (age 58 at retirement)	0.018
x Years of creditable service	x 34.5
Percentage of salary average	62.1%
+ RetirementPlus percentage , if applicable	+ 20.0%
Percentage of salary average (80% max)	80.0%
x Salary average (highest three consecutive years)	x \$63,000
Option A annual benefit	\$50,400
+ Veteran's benefit , if applicable (\$15 per year of creditable service, up to \$300)	+ \$300
Total Option A allowance	\$50,700/yr \$4,225/mo

- For a comparison of the allowable percentages of salary average under the regular versus the RetirementPlus plans, see Appendix A, page 25.

Reminder: Use our online retirement benefit estimator to estimate your retirement allowance, or use the worksheet provided in Appendix B (page 26) to estimate your benefits under each of the three options.



Compare what your benefits would be on one particular date as well as on a later date, when you have accumulated more creditable service and/or reached another birthday.



Reminder: Update your beneficiary designation in light of life events.

Ensure that your survivor benefit is paid according to your wishes.

Review your designation if and when:

- you marry or divorce;
- your beneficiary marries or divorces;
- your beneficiary dies;
- your beneficiary changes his or her name; or
- you have a child.

In-service death benefits: Additional considerations

- It is very important that you designate a beneficiary, or beneficiaries, for your MTRS account while you are an active member. (Note that, when you retire, your “active member” beneficiary designation will end, and, if you select Option B or C, you will be required to designate your “retired member” beneficiary.)
- The type of benefit that your survivors receive depends upon their relationship to you as well as what type of beneficiary you specified and who you named as a beneficiary on your MTRS *Beneficiary Designation Form*.
 - A **lump-sum beneficiary** will receive your accumulated contributions and interest in a single, lump-sum amount. There are no restrictions on who may be a lump-sum beneficiary and you may name more than one person or entity and you may designate the percentage of the benefit that each is to receive. You may also name contingent beneficiaries who will be paid in the event that the primary lump-sum beneficiary is not alive at the time of your death.
 - A **member-survivor beneficiary** will receive a monthly allowance instead of a lump-sum payment, if, at the time of your death, you have accrued at least two years of creditable service. A member-survivor beneficiary must be your parent, sibling, child, spouse or former spouse who has not remarried. You may designate only one member-survivor beneficiary.
- Note: Pursuant to Massachusetts law, if you are married, **your surviving spouse and/or the guardian of your dependent children may have a superior legal right to any benefits awarded as a result of your death**, regardless of whom you named as a beneficiary. If you need more information about naming a beneficiary, please contact us.
- **Minimum spousal survivor benefit:** If you are survived by a spouse, he or she will be entitled to a guaranteed minimum benefit of \$500 per month if:
 - you were a member in service at the time of your death,
 - you had completed at least two full years of creditable service,
 - your spouse was married to you for at least one year, and
 - your spouse was living with you at the time of your death (or living apart for cause).

If your spouse meets these requirements, he or she will also be entitled to an additional set allowance for dependent children (currently, \$120 per month for the first child and \$90 for each additional child).

If there is no surviving spouse, the guardian of the surviving dependent children may be entitled to the minimum payments.

Part 5: Other retirement issues 37

Plan ahead for your health insurance coverage

Avoid surprises—
a year **BEFORE** your date of retirement...

- Contact your appropriate insurance coordinator...
 - if **in** Retired Municipal Teachers' (RMT) Program (see list): Group Insurance Commission
 - if **not** in RMT: Local insurance coordinator; also applies if district participating in "GIC Municipality Program"
- If you qualify for Medicare, ask how your school district insurance will supplement your Medicare
- Understand survivor health insurance benefits—Do they exist? What are the costs?
- Arrange to have premiums withheld from your retirement check

Avoid penalties—**BEFORE** your 65th birthday... contact the SSA to determine your eligibility for Medicare and when you need to apply for Part B



- For information regarding your Medicare eligibility, see www.medicare.gov/MedicareEligibility.
- Generally, you are eligible for Medicare if:
 - you or your spouse worked for at least 10 years in Medicare-covered employment and you are 65 years or older and a citizen or permanent resident of the United States, or
 - through your employer(s), you have paid the Medicare tax of 1.45% on your earnings for at least 10 years.

Source: www.medicare.gov/MedicareEligibility > General Enrollment and Eligibility.

- If you were hired by a Massachusetts public employer on or after April 1, 1986, you are required to pay the 1.45% Medicare tax. While this does not earn you any Social Security "credits," it does entitle you to Medicare coverage at age 65 if you have paid this tax for at least 10 years.
- Individuals who do not sign up for Medicare Part B when they are first eligible may be subject to a substantial late-enrollment penalty. Thus, be sure to inquire about your Medicare eligibility at least three months prior to your 65th birthday and follow the application procedures at www.ssa.gov.
- A note just for your reference (this does not affect your pension or insurance benefits in any way): Effective January 1, 2011, the Legislature passed a law requiring that public employee retiree health insurance costs be allocated among retirees' former Massachusetts public employers, based on the portion of their creditable service with each employer.

For information on your health insurance coverage options in retirement, if your district:

- Participates in the Retired Municipal Teachers' (RMT) Program (see list, below), contact the **Group Insurance Commission** at mass.gov/gic, or 617-727-2310.
- Is not listed as participating in the RMT Program, below, please contact **your local insurance coordinator**. (Note: Your city or town may participate in the "GIC Municipality Program." If so, you should still contact your local insurance coordinator as he or she will administer your coverage, which is provided through the GIC.)

Districts participating in the Retired Municipal Teachers' (RMT) Program as of July 1, 2012 (as reported by GIC as of April 30, 2012)

Amesbury	Dedham	Milton	Pelham	Spencer	Whitman-Hanson
Amherst	Dennis	Narragansett	Pioneer Valley	Spencer-East	Regional
Amherst-Pelham	Eastham	Regional	Regional	Brookfield	Wilbraham
Regional	Everett	Newbury	Plainville	Regional	Woburn
Andover	Gloucester	North Adams	Quabbin Regional	Stoughton	
Barnstable	Granby	North Andover	Rehoboth	Upper Cape Cod	
Billerica	Greater Lawrence	North Attleboro	Revere	Regional	
Blackstone Valley	Regional	North Middlesex	Rockland	Ware	
Regional	Harvard	Regional	Rockport	Wareham	
Bourne	Holyoke	Norwell	Rutland	West Bridgewater	
Braintree	Hudson	Orange	Salisbury	Westfield	
Bridgewater	Martha's Vineyard	Paxton	Shawsheen Valley	West Springfield	
Cohasset	Regional	Peabody	Regional		

For the latest list, always go to mass.gov/gic, or contact your local insurance coordinator



Reminder: Obtain the following information from your local insurance coordinator (generally, your local treasurer or school business office).

1) What percentage of your health insurance premium will your school district pay when you retire?

%

2) Your health plan options...

- Which health plans will your district make available to you when you retire?
- What are the differences in premiums?
- Does your district provide an option that will cover you if you move out of state? ☐ No ☐ Yes (describe)

Health plan

Premiums

3) If you qualify for Medicare, what are the insurance plan options provided by your school district to supplement Medicare?

4) If you cover a spouse or dependent(s):

- What will happen to your survivor's coverage in the event of your death?
- Will the district continue to pay a portion of your survivor's health insurance?

Part 5: Other retirement issues 38

Working after retirement

There are **no limits** on the following:

- Employment in the private sector
- Employment in another state—public or private
- Employment within the federal government
- Volunteering

- For additional information, as well as the link to PERAC's interactive "Post-Retirement Earnings Worksheet" that you and your employer can use to determine and understand your specific restrictions, see our web page on working after retirement, at mass.gov/mtrs/2members/22retiree/22work.htm.

Part 5: Other retirement issues 39

Working after retirement

General time and earnings limitations on re-employment in the **MA public sector...**

- **If returning to same employer from which you retired:** Must be separated from service for 60 days before returning (waived if retiring at age 65 or at 80% maximum benefit)
- **Time:** Service cannot exceed **960 hours** in a calendar year
- **Earnings:** Post-retirement earnings **cannot exceed** the difference between the current salary of the position from which you retired, and the amount of your annual pension; after retired for one full January–December calendar year, limit increased by \$15,000

- These limitations apply to post-retirement employment with a Massachusetts public employer. In other words, if you render service to a Massachusetts city, town, county or the Commonwealth, the limitations will apply.
- The work that you perform does not necessarily have to meet the requirements for membership in a Massachusetts contributory retirement system; these limitations apply if you work as a "leased employee" or if you receive *any* check issued by a public employer in Massachusetts, including work as a consultant.

■ **Additional precautions:**

- Service rendered as a "consultant" or a "leased employee" to a Massachusetts public school or agency is subject to the service and earnings restrictions.
- You may elect to waive or "freeze" your benefit if you are approaching your earnings or service limits. If you exceed the allowable limits, the MTRS or your employer must recover all excess earnings from you.

■ **"Unretiring" and reinstating as an active member**

- Effective July 1, 2004, members of the MTRS (and the other Massachusetts contributory retirement systems) who retired under superannuation or termination retirement were allowed to reinstate as active members of the MTRS.
- In other words, retired members who agree to certain terms and conditions, can return to active membership in the MTRS and, in effect, "unretire." Under this provision, the retiree must pay back to the retirement system the total pension benefits received while retired, plus interest at one-half of the actuarial assumed rate of 8.25 percent, or 4.125 percent. Additionally, the retiree must be employed in a full-time position subject to membership in the MTRS, for at least five full years from his or her reinstatement date, in order to accrue additional retirement benefits.

Part 5: Other retirement issues 40

Working after retirement


An example of earnings restrictions

Mary Educator retires June 30, 2012 from a position that paid \$65,000 per year

School year 2012–13 salary* for Mary's former position	\$67,000
– Mary's annual gross MTRS pension	– \$42,195
Mary's allowable earnings for the rest of calendar year 2012	\$24,805

Beginning **January 1, 2014**, Mary may earn an additional \$15,000 per calendar year

* "Salary" includes earnings such as regular longevity, coaching and contracted stipends. It does not include annuity/insurance premiums or other fringe benefits.



Part 5: Other retirement issues 41

Working after retirement

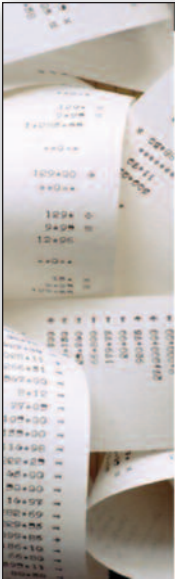
Different rules in the event of an ESE-approved "critical shortage":

- RetirementPlus retirees must wait two years to be eligible
- School district must apply to the ESE to obtain a one-year "waiver" for a specific position
- If above are met, the retiree may work without earnings limitation for the duration of the critical shortage "waiver"

- The earnings limitations on re-employment of retirees in the Massachusetts public schools may be eased if the Department of Elementary and Secondary Education (ESE) determines there is a "critical shortage" in a particular position. ESE has adopted regulation 603 CMR 7.03(b), allowing the Commissioner of Elementary and Secondary Education to deem that a district has a "critical shortage" upon the request of a superintendent and demonstration that the district has made a good-faith effort to hire non-retirees and has been unable to find them. The "critical shortage" application process is similar to that for requesting a waiver for certification.
- The ESE will send a written notice of its decision on the critical shortage application both to the school district and the person it wishes to hire. Accordingly, please do not assume that you are working under a critical shortage waiver unless you have received a copy of the approval from the ESE.

Please refer to the chart, below, for a description of the restrictions and when they apply.

Restrictions on working after retirement	When NO critical shortage	When a critical shortage IS declared by ESE									
	ALL MTRS Retirees	Retirees under Regular formula	Retirees under RetirementPlus								
1) Time limitation: 960 hours in a calendar year.	Applies	Waived	Waived								
2) Earnings limitation: On a calendar year basis, a rehired retiree’s post-retirement earnings cannot exceed the difference between the current salary of the position from which the member retired, and the amount of his or her annual pension. After the member has been retired for at least one full calendar year (one full January-through-December year), this earnings limit is increased by \$15,000. For example: <table><tr><td>Date of retirement</td><td>Date eligible to earn additional \$15,000</td></tr><tr><td>1/1/2012 – 12/31/2012</td><td>1/1/2014</td></tr><tr><td>1/1/2013 – 12/31/2013</td><td>1/1/2015</td></tr><tr><td>1/1/2014 – 12/31/2014</td><td>1/1/2016</td></tr></table>	Date of retirement	Date eligible to earn additional \$15,000	1/1/2012 – 12/31/2012	1/1/2014	1/1/2013 – 12/31/2013	1/1/2015	1/1/2014 – 12/31/2014	1/1/2016	Applies	Waived	Applies for first two years of member’s retirement; waived thereafter
Date of retirement	Date eligible to earn additional \$15,000										
1/1/2012 – 12/31/2012	1/1/2014										
1/1/2013 – 12/31/2013	1/1/2015										
1/1/2014 – 12/31/2014	1/1/2016										
3) Separation from service: If returning to same employer from which the member retired, 60 days. <i>Exception:</i> This particular restriction does not apply if the member retired <i>either</i> at age 65 or older <i>or</i> at the maximum benefit amount of 80 percent of his or her three-year salary average.	Applies	Applies	Applies								

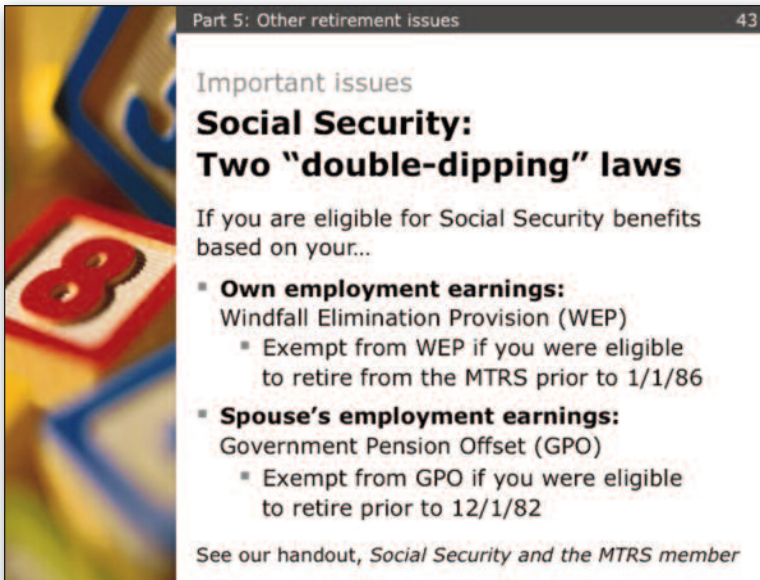


Part 5: Other retirement issues 42

Taxation of your benefit

- Your retirement allowance is **not** subject to Massachusetts state income tax
- Your retirement allowance is federally taxable
- Many of you will have slightly reduced "taxable" earnings each year because of "post-tax" dollars in your annuity savings account at the time of your retirement
- If you intend to move out of state, check with the Department of Revenue in that state to determine if your retirement allowance is subject to state income tax
- By January 31st of each year, we will mail you a 1099-R tax form (the retiree version of your W-2 form)

- As a reminder, your "after-tax" amount includes your contributions prior to 1988 plus any after-tax payments made to buy-back prior service.
- If you move to another state after retirement, your allowance may be subject to that state's income taxes. It is advisable to check with the other state's department of revenue, or the Massachusetts Department of Revenue's website, at www.mass.gov/dor/pensioninfo.
- **If you retire before age 59-1/2:** Please note that in the year that you turn age 59-1/2, we will send you **two** 1099-R tax forms, as the IRS requires that we identify and distinguish between payments that are made to you when you are *under* age 59-1/2, and payments that are made to you when you are *over* age 59-1/2.
- **The Benefit Verification process:** As required by the agency that oversees all Massachusetts public retirement systems (the Public Employee Retirement Administration Commission, or PERAC), you are periodically required to provide proof that you remain eligible (i.e., alive) to receive your retirement benefits. At least once every two years, we conduct our Benefit Verification process, which is designed to prevent pension fraud and ensure that your benefits are being paid to the rightful and living recipient. We will send you a Benefit Verification form, which you must complete, have notarized, and return in order to continue to receive your benefits.



Part 5: Other retirement issues 43

Important issues

Social Security: Two "double-dipping" laws

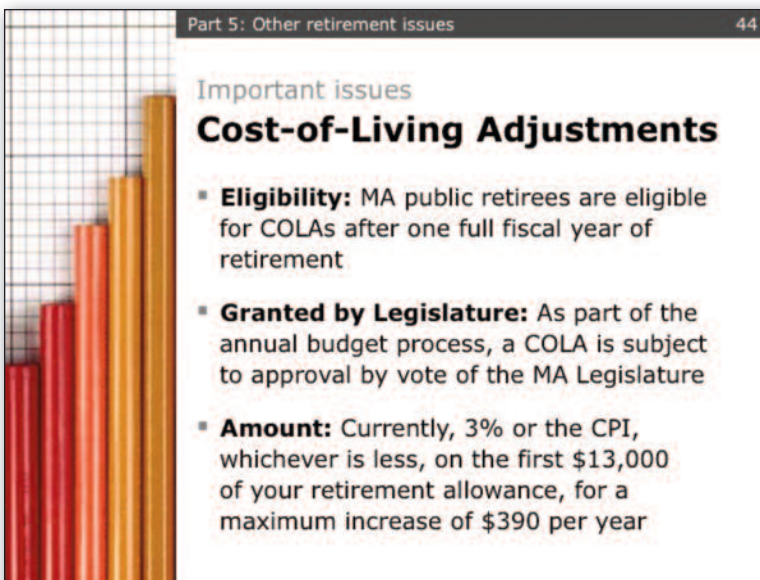
If you are eligible for Social Security benefits based on your...

- **Own employment earnings:**
Windfall Elimination Provision (WEP)
 - Exempt from WEP if you were eligible to retire from the MTRS prior to 1/1/86
- **Spouse's employment earnings:**
Government Pension Offset (GPO)
 - Exempt from GPO if you were eligible to retire prior to 12/1/82

See our handout, *Social Security and the MTRS member*

- For additional information, please visit www.socialsecurity.gov.
- While the reductions under Social Security's two "double-dipping" laws apply to *retirees* of Massachusetts public pension systems who also receive Social Security benefits, these reductions do **not** apply to the *survivors or beneficiaries* of public retirees.

For example, Mary Educator retired under Option C and named her spouse, John, as her beneficiary. John is retired from the private sector and is receiving Social Security benefits based on his own employment earnings. Upon Mary's death, John will begin receiving Mary's MTRS Option C survivor benefit, and his Social Security benefits will not be reduced.
- If you receive Social Security benefits in addition to your MTRS retirement allowance, and you are subject to either the WEP or GPO, you may be required to report cost-of-living adjustments (COLAs) to your MTRS pension to the Social Security Administration. When you apply for Social Security benefits, please be sure to inquire as to when and how you should report your MTRS COLAs.
- Remember: Avoid penalties—**BEFORE** your **65th birthday**, contact the SSA to determine your eligibility for Medicare and when you need to apply for Part B.



Part 5: Other retirement issues 44

Important issues

Cost-of-Living Adjustments

- **Eligibility:** MA public retirees are eligible for COLAs after one full fiscal year of retirement
- **Granted by Legislature:** As part of the annual budget process, a COLA is subject to approval by vote of the MA Legislature
- **Amount:** Currently, 3% or the CPI, whichever is less, on the first \$13,000 of your retirement allowance, for a maximum increase of \$390 per year

- Retirees are eligible to receive a COLA after one full fiscal year of retirement. For example, if you retire on June 30, 2012, you will not be eligible to receive a COLA until July 1, 2013 (in other words, *after* the 2013 fiscal year, which runs from July 1, 2012 through June 30, 2013). For additional information and an example of how your date of retirement affects your eligibility for your first COLA—and what that means—please see Appendix E, page 32.
- "Pension Reform III" increased the COLA base from \$12,000 to \$13,000, thereby allowing for an increase in the maximum annual COLA from \$360 to \$390.
- The Board's legislative agenda continues to include advocating for an increase in the cost-of-living adjustment (COLA) base while securing the purchasing power protection of our retired members, and establishing an employee pension contribution rate that is reflective of the retirement benefits earned by our members.

Notes

[illegible]

Appendix A

The “retirement percentage” chart

For members with effective membership dates before April 2, 2012

A comparison of the percentage of salary average allowed under the regular and RetirementPlus formulas, by service and age

RETIREMENTPLUS % INCREASE			AGE AT RETIREMENT																			
			46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65+
YEARS OF SERVICE *	25	— Regular	15.0	17.5	20.0	22.5	25.0	27.5	30.0	32.5	35.0	37.5	40.0	42.5	45.0	47.5	50.0	52.5	55.0	57.5	60.0	62.5
	26	— Regular	15.6	18.2	20.8	23.4	26.0	28.6	31.2	33.8	36.4	39.0	41.6	44.2	46.8	49.4	52.0	54.6	57.2	59.8	62.4	65.0
	27	— Regular		18.9	21.6	24.3	27.0	29.7	32.4	35.1	37.8	40.5	43.2	45.9	48.6	51.3	54.0	56.7	59.4	62.1	64.8	67.5
	28	— Regular			22.4	25.2	28.0	30.8	33.6	36.4	39.2	42.0	44.8	47.6	50.4	53.2	56.0	58.8	61.6	64.4	67.2	70.0
	29	— Regular				26.1	29.0	31.9	34.8	37.7	40.6	43.5	46.4	49.3	52.2	55.1	58.0	60.9	63.8	66.7	69.6	72.5
	30	12% Regular R+					30.0	33.0	36.0	39.0	42.0	45.0	48.0	51.0	54.0	57.0	60.0	63.0	66.0	69.0	72.0	75.0
						42.0	45.0	48.0	51.0	54.0	57.0	60.0	63.0	66.0	69.0	72.0	75.0	78.0	80.0	80.0	80.0	
	31	14% Regular R+						34.1	37.2	40.3	43.4	46.5	49.6	52.7	55.8	58.9	62.0	65.1	68.2	71.3	74.4	77.5
							48.1	51.2	54.3	57.4	60.5	63.6	66.7	69.8	72.9	76.0	79.1	80.0	80.0	80.0	80.0	
	32	16% Regular R+							38.4	41.6	44.8	48.0	51.2	54.4	57.6	60.8	64.0	67.2	70.4	73.6	76.8	80.0
								54.4	57.6	60.8	64.0	67.2	70.4	73.6	76.8	80.0	80.0	80.0	80.0	80.0	80.0	
	33	18% Regular R+								42.9	46.2	49.5	52.8	56.1	59.4	62.7	66.0	69.3	72.6	75.9	79.2	80.0
										60.9	64.2	67.5	70.8	74.1	77.4	80.0	80.0	80.0	80.0	80.0	80.0	
	34	20% Regular R+									47.6	51.0	54.4	57.8	61.2	64.6	68.0	71.4	74.8	78.2	80.0	80.0
											67.6	71.0	74.4	77.8	80.0	80.0	80.0	80.0	80.0	80.0	80.0	
	35	22% Regular R+										52.5	56.0	59.5	63.0	66.5	70.0	73.5	77.0	80.0	80.0	80.0
												74.5	78.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	
	36	24% Regular R+											57.6	61.2	64.8	68.4	72.0	75.6	79.2	80.0	80.0	80.0
													80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	
	37	26% Regular R+												62.9	66.6	70.3	74.0	77.7	80.0	80.0	80.0	80.0
													80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0		
38	28% Regular R+													68.4	72.2	76.0	79.8	80.0	80.0	80.0	80.0	
														80.0	80.0	80.0	80.0	80.0	80.0	80.0		
39	30% Regular R+														74.1	78.0	80.0	80.0	80.0	80.0	80.0	
															80.0	80.0	80.0	80.0	80.0	80.0		
40	32% Regular R+															80.0	80.0	80.0	80.0	80.0	80.0	
																80.0	80.0	80.0	80.0	80.0		

Effective April 2010

RetirementPlus vs. regular formula

☐ NO DIFFERENCE

☒ MAXIMUM DIFFERENCE: Member receives full amount of RetirementPlus % increase

☒ LESSER DIFFERENCE: Member receives only that amount of RetirementPlus % increase needed to reach 80% salary maximum

* **Two notes on “years of service”:** For the purposes of determining your:

1) **“RetirementPlus % increase,”** only **whole** years of creditable service will be counted (the amount is not rounded up).

For example, if you have 32.9 years of creditable service, your “RetirementPlus % increase” is based on 32 years of creditable service, or 16%.

2) **Percentage of allowable salary average,** your **full years and full months** of creditable service will be counted.

For example, Jane Educator is a teacher on a 10-month contract, and is retiring mid-year, on March 10. At that time, she will have 32 years, 6 months and 10 days of creditable service—or 32.6549 years of creditable service. The amount of creditable service that will be used to calculate Jane’s allowable percentage of salary average is 32.6 years. (Because the first decimal place represents full months, and the last three decimal places represent only partial months, the last three decimal places will not be included in Jane’s final benefit calculation.)

Appendix B

Overview of retirement Options A, B and C, and benefit estimate worksheet

For members with effective membership dates before April 2, 2012

The Massachusetts Retirement Law (M.G.L. c. 32) regulates your retirement allowance and allows you to choose one of three benefit options. These options differ with regard to the amount paid and whether any benefits will be paid to someone else after your death. In brief:

Option	Monthly benefit amount	Survivor benefit
A	Maximum allowance	None; all allowance payments cease upon your death and no benefits will be provided for any survivors.
B	Approximately 1% less than Option A amount	One-time, lump-sum payment of balance, if any, remaining in member's annuity savings account <i>[Note: There are no restrictions on who or how many individuals or entities may be named as beneficiary. In most cases, the annuity will be depleted in 10 to 12 years.]</i>
C	Approximately 9–11% less than Option A amount	Monthly benefit (2/3rds) paid to a survivor <i>[Note: Beneficiary must be the member's parent, child, sibling, spouse or former spouse who has not remarried.]</i>

Option A age factor table

Use your age on your retirement date							
Age	Factor	Age	Factor	Age	Factor	Age	Factor
41	.001	47	.007	53	.013	59	.019
42	.002	48	.008	54	.014	60	.020
43	.003	49	.009	55	.015	61	.021
44	.004	50	.010	56	.016	62	.022
45	.005	51	.011	57	.017	63	.023
46	.006	52	.012	58	.018	64	.024
						65+	.025

RetirementPlus percentage table Service is in FULL years

Service	R+ %	Service	R+ %	Service	R+ %
30	.12%	34	.20%	38	.28%
31	.14%	35	.22%	39	.30%
32	.16%	36	.24%	40	.32%
33	.18%	37	.26%		

Option C factor table

To obtain your Option C factor, determine what your age will be *on your birthday closest to your retirement date*; then determine what your beneficiary's age will be *on his or her birthday that is closest to your retirement date*. Your Option C factor is the number where the row and column for your ages intersect. If the combination of your ages is not listed here, please visit our website at mass.gov/mtrs or contact us for the appropriate factor.

Beneficiary's closest age

Member's closest age	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	
	50	.9509	.9528	.9546	.9565	.9583	.9601	.9618	.9635	.9652	.9669	.9685	.9700	.9715	.9730	.9744	.9758	.9771	.9783	.9796
	51	.9460	.9480	.9500	.9520	.9539	.9558	.9577	.9596	.9614	.9632	.9650	.9667	.9683	.9699	.9715	.9730	.9744	.9758	.9772
	52	.9408	.9429	.9450	.9471	.9492	.9512	.9533	.9553	.9573	.9592	.9611	.9630	.9648	.9665	.9683	.9699	.9715	.9730	.9745
	53	.9350	.9372	.9395	.9417	.9440	.9462	.9484	.9506	.9527	.9548	.9569	.9589	.9609	.9628	.9646	.9665	.9682	.9699	.9716
	54	.9287	.9311	.9335	.9359	.9383	.9406	.9430	.9453	.9477	.9499	.9522	.9544	.9565	.9586	.9606	.9626	.9645	.9664	.9682
	55	.9219	.9244	.9270	.9295	.9320	.9346	.9371	.9396	.9421	.9445	.9470	.9493	.9517	.9539	.9562	.9583	.9604	.9625	.9644
	56	.9146	.9173	.9199	.9226	.9253	.9280	.9307	.9334	.9360	.9387	.9413	.9438	.9463	.9488	.9512	.9536	.9559	.9581	.9603
	57	.9068	.9096	.9124	.9152	.9181	.9209	.9238	.9267	.9295	.9323	.9351	.9379	.9406	.9433	.9459	.9484	.9509	.9534	.9558
	58	.8984	.9013	.9043	.9073	.9103	.9133	.9163	.9194	.9224	.9254	.9284	.9314	.9343	.9372	.9400	.9428	.9455	.9482	.9507
	59	.8895	.8925	.8956	.8987	.9019	.9051	.9083	.9115	.9147	.9179	.9211	.9243	.9274	.9305	.9336	.9366	.9395	.9424	.9452
	60	.8800	.8831	.8863	.8896	.8929	.8963	.8997	.9031	.9065	.9099	.9133	.9167	.9200	.9233	.9266	.9299	.9330	.9361	.9392
	61	.8699	.8732	.8765	.8799	.8834	.8869	.8904	.8940	.8976	.9012	.9048	.9084	.9120	.9156	.9191	.9225	.9260	.9293	.9326
	62	.8592	.8626	.8661	.8696	.8732	.8769	.8806	.8844	.8882	.8920	.8958	.8996	.9034	.9072	.9110	.9147	.9184	.9220	.9256
	63	.8481	.8516	.8551	.8588	.8626	.8664	.8703	.8742	.8782	.8822	.8862	.8902	.8943	.8983	.9023	.9063	.9102	.9141	.9179
	64	.8364	.8400	.8437	.8475	.8513	.8553	.8594	.8635	.8676	.8718	.8760	.8803	.8846	.8888	.8931	.8973	.9015	.9057	.9098
	65	.8241	.8278	.8316	.8355	.8395	.8436	.8478	.8521	.8564	.8608	.8653	.8697	.8742	.8787	.8832	.8877	.8922	.8967	.9011
	66	.8113	.8151	.8190	.8230	.8271	.8314	.8357	.8401	.8446	.8492	.8539	.8585	.8633	.8680	.8728	.8775	.8823	.8870	.8917
	67	.7980	.8018	.8058	.8099	.8142	.8186	.8230	.8276	.8323	.8370	.8419	.8468	.8517	.8567	.8617	.8667	.8717	.8768	.8817
	68	.7840	.7879	.7920	.7962	.8006	.8051	.8097	.8144	.8192	.8242	.8292	.8343	.8394	.8446	.8499	.8552	.8605	.8658	.8711
69	.7694	.7734	.7776	.7819	.7863	.7909	.7956	.8005	.8055	.8105	.8157	.8210	.8264	.8318	.8373	.8428	.8484	.8540	.8596	
70	.7542	.7582	.7624	.7668	.7713	.7760	.7808	.7858	.7909	.7962	.8015	.8070	.8125	.8182	.8239	.8297	.8355	.8414	.8473	

Benefit estimate worksheet

		You as of	You as of
Example			
Option A	Option A Age Factor (<i>see table</i>) .018		
x	Years of creditable service x 35	x	x
	% of salary average 63%		
+	RetirementPlus %, if applicable*+ 22%	+	+
	Allowable % of salary average** 80%		
x	3-year salary average x\$65,000	x \$	x \$
	Option A annual allowance \$52,000	\$	\$
+	Veteran's benefit*** + \$300	+	+
	Final Opt. A annual allowance \$52,300	\$	\$
Option B	Final Opt. A annual allowance \$52,300	\$	\$
x	99% (1% less than Option A)**** x 99%	x 99%	x 99%
	Opt. B annual allowance \$51,777	\$	\$
Option C	Option A annual allowance \$52,000	\$	\$
x	Option C Factor (<i>see table</i>) x 0.9194	x	x
	Option C annual allowance \$47,809	\$	\$
+	Veteran's benefit + \$300	+	+
	Final Opt. C allowance \$48,109	\$	\$
x	2/3 (annual survivor portion) x 2/3	x 2/3	x 2/3
	Member-survivor benefit \$32,073	\$	\$

The example illustrates the calculations for a member who is a veteran, and who retires on June 30, 2012 under RetirementPlus at age 58 with 35 years of creditable service, an average salary of \$65,000 for his or her highest three consecutive years or last three years, whichever is greater, and a beneficiary who is age 57.

Also shown here is the member-survivor benefit payable only under Option C. This benefit is payable on a monthly basis to your beneficiary for the rest of his or her life. The monthly amount is 1/12 of the annual amount.

NOTES

* If you are participating in RetirementPlus, and you have 30 or more years of creditable service—at least 20 of which are membership service with the MTRS or the Boston Retirement System as a teacher—add 2% for each full year of creditable service over 24 years (see RetirementPlus Percentage table, previous page).

** Your "Allowable % of salary average" may not exceed 80 percent.

*** If you are a wartime veteran, \$15 for each year of teaching service (up to a maximum of \$300) is added to the Option A annual allowance.


**** As noted on previous page, the Option B allowance is approximately 1% less than the Option A amount. For purposes of illustration only, we have estimated the Option B amount at 1% less than the Option A amount.

Appendix C

Retirement planning

Common issues

- **We advise you to file your retirement application three to four months before your retirement date. However, by law, you may file your application up to 60 days after your effective date of separation from service and still use the date of separation as your retirement date.**

 If you file your application more than 60 days after your date of separation from service, the earliest effective date of retirement you may use will be 15 days after the date we receive your completed application. Also, if you are retiring on your birthday, use that exact day as your date of retirement, **not** the day after. See Appendix E (page 32) for information on choosing your retirement date.

- **Retirement applications are processed on a first-come, first-served basis.**

Please understand that it may take up to four months before your benefit calculation is complete and you are sent your Notice of Estimated Retirement Benefit and first payment information from the MTRS.

- **You should plan on receiving your first retirement check at the end of the SECOND full month after your effective date of retirement.**

For example, if you retire on June 30th, your first check will most likely be issued at the end of August. Of course, your first check will be sent earlier if possible. Be assured that **all first checks are paid retroactive to your date of retirement.**

- **In some cases, your first retirement check will be mailed to your home.**

This slight delay is to allow the State Treasury time to test your electronic funds transfer before your first direct deposit is made.

- **Retirement checks are issued at the end of each month and represent payment for the previous month.**

For example, the payment that you receive at the end of January is the payment **for** January.

- **Direct deposit statements are NOT mailed to you every month.**

Once your direct deposit commences, you will receive a statement in the mail detailing your monthly benefit and deductions. After this initial statement, you will receive a statement in the mail when:

- there is a change in the amount of your deposit from the prior month; or,
- we need to provide retirees with new information and we print a special notice on the top portion of the direct deposit statement.

- **Find out more about retirement issues.**

Visit our website at mass.gov/mtrs for important information on:

- the three retirement options: A, B and C;
- purchasing creditable service;
- health insurance;
- Social Security
- working after retirement;
- taxes; and,
- cost of living adjustments (COLAs).

Your retirement process timeline and checklist

To fill in the dates, start with "Your date of retirement" and work backward

⚠ IMPORTANT REMINDERS REGARDING CREDITABLE SERVICE

All service purchases must be paid for in full BEFORE your effective date of retirement, and some require that you be a member in service at the time of purchase.

LATE PAYMENTS WILL DELAY YOUR DATE OF RETIREMENT—and because retirement benefits are retroactive only to your date of retirement, **late payments will cause you to lose money!**

As you will see on the application, you are asked to list all of your creditable service and provide your "best estimate" of your total number of years. However, it is NOT necessary for you to request a "creditable service estimate" from the MTRS in order to complete your application. When we process your application, we will determine your exact amount of creditable service and notify you of the total before your benefit is finalized.

If you have any questions about purchasing service, please contact our office.

When (in relation to your date of retirement)	Action	Your dates
One year before	<input type="checkbox"/> CONTACT your local health insurance coordinator to confirm the health insurance coverage for which you will qualify as a retiree. If you cover a spouse or other dependent, be sure to ask about dependent coverage while you are retired <i>and</i> in the event of your death.	<input type="text" value="/ /"/>
7–8 months before	<input type="checkbox"/> GO to our website at mass.gov/mtrs , and select Members > Active members > Creditable service. Review all of the types of service listed and apply to purchase any that apply to you and for which you have not yet established credit.	<input type="text" value="/ /"/>
6 months before	<input type="checkbox"/> GO to our website at mass.gov/mtrs , and, in the "Quick links to our most popular pages" menu, select "Apply for retirement." Follow the steps to estimate your benefits, review FAQ and download and print your retirement application. <input type="checkbox"/> If you have any pending creditable service purchases, request invoices from us and be sure to tell us that you are retiring.	<input type="text" value="/ /"/>
4–5 months before	<input type="checkbox"/> Complete Part 1 of the application and forward Part 2 to your payroll officer for completion. <input type="checkbox"/> Gather your required documents. ⚠ NOTE: If you do not submit the required documents with your application, your application will not be processed. <ul style="list-style-type: none"> <input type="checkbox"/> Photocopy of your marriage certificate (<i>if you no longer use your former or maiden name or if you are selecting Option C and naming your spouse as beneficiary</i>) <input type="checkbox"/> Your certified birth record* (<i>photocopy not accepted</i>) <input type="checkbox"/> Photocopy of your military discharge form DD214 (<i>if you are a veteran</i>) <input type="checkbox"/> Photocopy of your notice of resignation (<i>if you are filing for an involuntary termination retirement allowance OR are retiring on a day other than the last day in your contract year</i>) <input type="checkbox"/> Photocopies of your contracts/salary schedules for your 3-year salary average period, including any pages referencing contractual language to substantiate any earnings in excess of your regular contract rates <input type="checkbox"/> A VOIDed check (<i>if your designated account for direct deposit is a checking account</i>) <input type="checkbox"/> Photocopy of your qualified Domestic Relations Order (<i>if you are divorced and have such an order in effect; please include your ex-spouse's current address</i>) <input type="checkbox"/> Your beneficiary's certified birth record* (<i>if you are selecting Option C; photocopy not accepted</i>) <p><i>* Your original documents will be returned to you.</i></p>	<input type="text" value="/ /"/>
3–4 months before	<input type="checkbox"/> Receive signed Part 2 from your payroll officer. <input type="checkbox"/> Make a copy of Part 1, Part 2 and ALL attachments. <input type="checkbox"/> Submit your application and ALL attachments to MTRS. <i>We will acknowledge receipt of your application in writing.</i> <input type="checkbox"/> Make payment for any pending creditable service purchases. <input type="checkbox"/> Remind your local health insurance coordinator that you are retiring, and complete any necessary insurance paperwork.	<input type="text" value="/ /"/> <input type="text" value="/ /"/> <input type="text" value="/ /"/> <input type="text" value="/ /"/> <input type="text" value="/ /"/>
If you filed 4 months before your retirement date, about one month before	<input type="checkbox"/> Receive Notice of Estimated Retirement Benefit (NERB) and first payment information from MTRS.	<input type="text" value="/ /"/>
Your date of retirement		<input type="text" value="/ /"/>
Second full month after	<input type="checkbox"/> Receive first retirement allowance payment from the MTRS.	<input type="text" value="/ /"/>

Appendix D

Part-time service: How it is credited and other notes

Pursuant to 807 CMR 3.04

All part-time service rendered after July 9, 2010 is prorated

The Board approved an amendment to the MTRS's creditable service regulation (807 CMR 3.04). Effective July 9, 2010, this amendment:

- mandates that the credit for all part-time service rendered after July 9, 2010, including kindergarten service, be prorated based on the percentage of full-time service it represents;
- removes the effect of a change in an employee's employment status (i.e., from part-time to full-time, or vice versa) on the crediting of his or her part-time service after July 9, 2010; and,
- provides a two-year "grandfather" period for members who elected to participate in RetirementPlus and who retire on or before July 1, 2012.

What this means for members who have worked—or are working—on a part-time basis

Part-time service rendered between November 9, 1990 and July 9, 2010 will continue to be credited as before: **either** as full-time service (if you did not undergo a status change during that period), **or** prorated based on the percentage of full-time service that it represents, if you went from part-time to full-time, or vice versa, during that period. In other words, the new regulation does not affect credit accrued prior to July 9, 2010.

Part-time service rendered on or after July 9, 2010 will be prorated based on the percentage of full-time service it represents, regardless of any changes in a member's employment status after that date. For example, if you render service on a half-time basis for the 2010–11 school year, you will receive 0.50 year of service credit for that year.

If you have always worked part-time, or if you teach kindergarten, be aware that, while you may currently be earning full-time credit for your part-time service, after July 9, 2010 your part time service credit will be prorated.

Whenever *prorated part-time service* is used in the calculation of a retiring member's benefit allowance, the MTRS will use the member's *full-time equivalent salary* to determine his or her final salary average. In other words, your service credit will be prorated, but your salary equivalent will not—you will not be "double-prorated" in the calculation of your retirement benefit.

An exception: Part-time service and eligibility for ordinary disability retirement. For the purpose of determining your eligibility for ordinary disability benefits, part-time service will count as full-time service for purposes of meeting the ten-year minimum service requirement, but not for purposes of determining your benefit amount.

Two-year "grandfather" period for RetirementPlus members

The crediting of part-time service for members who elected to participate in RetirementPlus and who retire on or before July 1, 2012 is "grandfathered" in this regulation. For these

members, part-time service rendered between July 9, 2010 and their date of retirement will be credited based on either the "old" creditable service regulation (which allows for full-time credit for eligible part-time service) or the "new" creditable service regulation, whichever results in the higher benefit to the member.

Why the regulation was amended

The regulation was changed to address a number of longstanding problems presented by the previous regulation for members and employers alike. In prorating all part-time service rendered after July 9, 2010, the regulation resolves the inconsistencies associated with the status change rule.

For example, under the previous regulation, a member who worked half-time for ten years would receive ten years of creditable service. However, if that same member had a status change from part-time to full-time in her eleventh year of service, her ten years of half-time service would no longer count as ten years, but would be prorated and only count as five years. Thus, a member could be vested in the retirement system at the end of one school year, and then not vested at the start of the next school year due to a status change. Under the amended regulation, status change is no longer relevant. Members who qualify for full-time credit for their part-time work rendered prior to the effective date of the new regulation, will retain that credit regardless of future status changes.

The bottom line:

The new regulation may result in an increased benefit for certain members with part-time service

Before adopting this regulation, the Board carefully analyzed the effect that the change would have on members with part-time service, especially those who might be retiring in the next few years. In reviewing numerous scenarios, the Board found that, because a retiring employee's part-time *service* is prorated, but his or her full-time *salary* equivalent is used in the calculation of the final salary average, most members with part-time service will not be financially harmed by this amendment—in fact, they may even see their benefit increase (as in the case of Karen Kindergarten, next page). Given this result, the Board approved the amendment.

If you have any questions about how your part-time service is credited, or how it affects the calculation of your retirement benefit, please contact us for assistance.

For more information, please visit our website at mass.gov/mtrs.

How part-time service is credited Pursuant to 807 CMR 3.04

If you have rendered any "membership" service on a part-time basis, please be aware that it is credited as follows:

For part-time membership service rendered...	You will receive...
■ On or before 11/9/1990	Full-time credit
■ Between 11/9/1990 and 7/9/2010	<p>If your employment status during this period:</p> <ul style="list-style-type: none"> <input type="checkbox"/> did not change (i.e., you did not go from part-time to full-time, or vice versa), full-time credit <input type="checkbox"/> changed (i.e., you went from part-time to full-time, or vice versa, excepting kindergarten service), prorated credit based on the percentage of full-time service it represents (e.g., if you worked for one year on a half-time basis, you will receive 0.50 year of service credit for that year).
■ On or after 7/9/2010*	Prorated credit based on the percentage of full-time service it represents, regardless of any change in your employment status (e.g., if you worked for one year on a half-time basis, you will receive 0.50 year of service credit for that year).

* **EXCEPTION:** If you elected into RetirementPlus and retire on or before July 1, 2012, your part-time membership service between July 9, 2010 and your date of retirement will be credited pursuant to the creditable service regulation in effect either prior to, or on, July 9, 2010, whichever yields the higher benefit.

An example: Karen Kindergarten

For illustration purposes only; results may not be typical

A kindergarten teacher for her entire career, Karen has always worked on a half-time basis (50% of full-time). She is retiring at age 60 on June 30, 2012. Because she had opted into RetirementPlus and is retiring during the "grandfather" period, the MTRS will calculate her retirement benefit under both the "old" and "new" creditable service regulations.

Benefit calculation components	"Old" regulation	"New" regulation
Creditable service (all on a half-time basis)		
9/1/1982–6/30/2010	28 yrs	28 yrs
9/1/2010–6/30/2012	Full-time equivalent 2 yrs	Prorated 1 yr
Total	30 yrs	29 yrs

Salary average		
2009–2010	Actual earnings \$34,000	Actual earnings \$34,000
2010–2011	Actual earnings \$35,000	Full-time equivalent \$70,000
2011–2012	Actual earnings \$36,000	Full-time equivalent \$72,000
Total	\$105,000	\$176,000
÷ 3 years	÷ 3	÷ 3
Salary average	\$35,000	\$58,667

Benefit calculations		
Age factor (age 60)	0.020	0.20
x Years of creditable service	x 30	x 29
% of salary average	60%	58%
+ RetirementPlus percentage	+ 12%	+ 0%
Allowable % of salary average	72%	58%
x Salary average	x \$35,000	x \$58,667
Option A allowance	\$25,200	\$34,027

Karen's benefit is higher under the "new" regulation, so she will receive that amount. Because she did not meet the 30-year creditable service requirement to retire under RetirementPlus, she will also receive a refund of her RetirementPlus contributions (equal to the difference between 11% and her contribution rate before 7/1/2001).

Additional notes...

Kindergarten teaching service

If you rendered any part-time membership service prior to July 9, 2010 as a kindergarten teacher, please note that that service is credited as full-time equivalent (FTE) service.

Sabbaticals and partially paid leaves of absence

All sabbatical leaves and partially paid leaves of absence are prorated based on the percentage of full-time salary you received (e.g., if you were on a full-year sabbatical at 50% salary, you will receive 0.50 year of service credit for that year).

Part-time nonmembership service

All part-time nonmembership service is prorated based on the percentage of full-time service that it represents. Additionally, all part-time service in the Boston Retirement System will be prorated.

Membership service and RetirementPlus

Membership service is service you acquire while working in a position eligible for membership in the MTRS during which you contribute directly to the MTRS via a payroll deduction by your school district. If you are participating in RetirementPlus, you must have 30 years of creditable service—at least 20 of which must be "membership" service with the MTRS or the Boston Retirement System as a teacher—in order to receive the enhanced benefit.

An exception: Part-time service and eligibility for ordinary disability retirement

For the purpose of determining your eligibility for ordinary disability benefits, part-time service will count as full-time service for purposes of meeting the ten-year minimum service requirement, but not for purposes of determining your benefit amount.

Appendix E

Choosing your retirement date

Summer birthdays, mid-year retirements and other considerations

Your retirement date affects not only the amount of your benefits, but when they become payable and when you become eligible to receive your first cost-of-living adjustment (COLA). For some members, choosing a retirement date is a simple decision; for others, it is a difficult and emotional choice. To choose the retirement date that is best for you—financially and personally—make sure that you understand how the formula works and the financial considerations involved.

Consider what these dates could mean for you...

■ June 30	The majority of MTRS members retire on June 30, the date on which most contracts for teachers come to an end. Additionally, by regulation, MTRS members retiring at the end of the school year must use June 30 as their retirement date even if the last day of school is earlier in the month. This rule exists so that teachers not only complete their contractual obligations, but also receive full service and salary credit for the year for their retirement calculations.
■ Your birthday*	<p>In July or August: If you're under age 65, it may be in your financial interest to retire on your birthday instead of June 30. On your birthday, your age factor will be higher, resulting in a greater retirement benefit for the rest of your life. Note, however, that you need to consider the amount of retirement benefits that you "give up" by postponing your retirement date until your birthday. Example: Joe Teacher will turn 61 on his birthday on August 2. If he retires on his birthday instead of June 30, he will "give up" the equivalent of one month and two days of retirement benefits that he would have received if he had retired on June 30. However, it is financially advantageous for Joe to wait until his birthday because he has determined that his retirement allowance will be sufficiently greater on that date—allowing him to recoup the retirement payments he "gave up" in a short period of time—and he will receive his increased benefit for the rest of his life.</p> <p>During the school year: To receive the benefit of a higher age factor, you may want to retire on your birthday during the school year—or at the end of the month in which your birthday occurs. The MTRS calculates creditable service based on full years and full months of employment. Accordingly, if your birthday is October 17, it would most likely be in your financial interest to work until the end of October and use October 31 as your retirement date; by using October 31, you will receive service credit for the full month.</p> <p><small>*Using a later birthday as a retirement date will not result in an increase in:</small></p> <ul style="list-style-type: none"> ■ the age factor used in the calculation of your retirement allowance if you are already at age 65 (the age factor does not increase after age 65); or, ■ your allowable percentage of salary average, if, based on the current combination of your age and years of creditable service, you have already reached the maximum allowance of 80% of your three-year salary average.
■ Any date during the school year	If circumstances arise that cause you to decide to retire during the school year, please keep in mind that the MTRS calculates creditable service based on full years and full months of employment. Accordingly, it would most likely be in your financial interest to work until the end of a particular month, if possible, so that you receive service credit for the full month. Reminder: If you are on fully paid sick leave, you are accruing full service and salary credit toward retirement.
■ After your separation from service	<p>Within 60 days of your separation from service: Your retirement date may be retroactive to your date of separation from service up to 60 days if you file your retirement application—along with a copy of your school district's written acceptance of your retroactive retirement date—within 60 days of your separation from service.</p> <p>More than 60 days after your separation from service: If you file your retirement application more than 60 days after your separation from service, your date of retirement cannot be retroactive—it may be no earlier than 15 days from the date that we receive your application. Example: Mary Educator resigns her teaching position on June 30, 2012 to explore another career. On February 1, 2013 she decides to retire from the MTRS. Her earliest retirement date is February 16, 2013.</p>

...and understand what your date of retirement means regarding COLAs...

Reminder—
While annual COLAs have been granted in recent years, COLAs are subject to legislative approval every year, and are not guaranteed.

Eligibility for first COLA: You must be retired for a full fiscal year in order to receive your first cost-of-living adjustment (COLA), and fiscal years run from July 1 to June 30. Accordingly, if you retire on June 30, 2012, you will be eligible to receive your first COLA on July 1, 2013; if you retire just one month later, on July 30, 2012, you must wait until July 1, 2014—nearly two calendar years—to receive a COLA.

COLAs are cumulative: If they are granted, COLAs are added to your gross retirement allowance. For example, if your annual retirement allowance is \$40,000 and the COLA is \$390, your gross allowance becomes \$40,390. With the next year's COLA, your allowance increases to \$40,780; the following year it is \$41,170, and so on. In other words, that first \$390 "stays" in your allowance over the years. So if you retire on July 30 instead of June 30, you will not only "miss" that first COLA of \$390 in your first year of retirement, but every year thereafter. Over the course of 20 years, that could result in \$7,800 in "missed" COLAs; while this may not make enough of a difference for you to change your choice of retirement date, you should be aware of the effect this might have on your benefits.

Remember—we are here to help...

If you need more information about choosing your retirement date, our Member Services representatives in both offices are happy to assist you!

Don't worry— We'll be here for you in retirement, too

After you retire, we will still be here to serve you—and we look forward to continuing our relationship with you for many years. Please know that, throughout your retirement, we will continue to have responsibilities to each other.

During your retirement, **YOU** need to:

- **CONTACT** the MTRS if you...
 - **change** your name, address or Social Security number
 - **lose** your retirement check
 - become **re-employed** by a Massachusetts public employer and exceed the time and earnings limitations
 - become **divorced**, and your retirement allowance is divided
 - want to **change** your withholding for federal taxes, retiree beneficiary designation (Option B only), or payment method (mailed check or direct deposit)
 - want to **participate** in the governance of the MTRS as an elected Board member
 - if you are receiving an ordinary or accidental disability retirement benefit, **begin to receive** Workers' Compensation benefits, or **have a change** in your Workers' Compensation benefits
- **COMPLETE** and **RETURN** your Benefit Verification form when we mail it to you, to confirm that you are still eligible to receive your benefit payment
- **ADVISE** your survivors to contact us in the event of your death

During your retirement, **WE** will:

- **pay** you a monthly retirement allowance;
- **forward** your health insurance payment, if applicable;
- pursuant to your instructions, **withhold** federal income tax from your benefit payment;
- in January of every year, **send** you a 1099-R tax form; and,
- **pay** a benefit to your survivor, if applicable.

Thank you for taking an active interest in your retirement benefit plan by attending our program today.

We hope that it has been informative and helpful!

MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

MAIN OFFICE

One Charles Park, Cambridge, MA 02142-1206

Phone 617-679-MTRS (6877)

Fax 617-679-1661

WESTERN REGIONAL OFFICE

One Monarch Place, Suite 510, Springfield, MA 01144-4028

Phone 413-784-1711

Fax 413-784-1707

ONLINE

mass.gov/mtrs

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